

**FOR YOUR INFORMATION**


# City of Cincinnati



Interdepartmental Correspondence Sheet

Date: August 23, 2013

To: Mayor and Members of City Council

From:  Milton Dohoney, Jr. City Manager *MDH*

Subject: **2013 Second Quarter Small Business Enterprise (SBE) Report**

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Attached is the 2013 Second quarter SBE Report. The quarterly SBE Report is part of the implementation of the OPEN Cincinnati Task Force's recommendation. The quarterly SBE Reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to follow. The City's SBE annual categorical goals are 30% construction, 15% supplies/services and 15% professional services of the total dollars spent. Presently there are 451 certified Small Business Enterprises (SBEs) (including 17 Banks SBEs) in a pool of about 11,080 registered vendors, which compete for City business. The SBEs represent only 4.07% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City accomplished spending 25.8% or \$10,666,103 with certified SBEs in this Second quarter. The categorical breakout for spending equals 33.7% construction, 14.3% professional services and 10.2% supplies/services. The City's 2013 Second quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 27.9% or \$5,615,391 overall. The categorical breakout for the Cincinnati jurisdiction equals 38.2% construction, 10.3% professional services and 15.3% supplies/services. (The distinguishing factor between Hamilton County and Cincinnati for reporting purpose is done by zip codes and not street addresses. Some zip codes are dual.)

The targeted group for the Council adopted SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The Council adopted SBE program is race and gender neutral. However, the City tracks and reports its expenditures with certified SBEs that have voluntarily provided information on race and gender through the SBE application process. The voluntary information vendors provide on race and gender is not verified.

In Second quarter 2013, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$2,080,039 or 19.5%. The City's SBE spend with women SBEs in Second quarter 2013 was \$2,837,090 or 26.6%<sup>1</sup>. The Second quarter 2013 City's SBE spend with African-American SBEs (Cincinnati's largest minority demographic group) was \$1,640,052 or 15.4%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. These demographic comparisons are based upon total SBE spend.

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<sup>1</sup> To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.

## **2013 Second Quarter Certification**

Certification is for two years (in most cases) at which businesses must renew their certification. If businesses do not renew, the certification expires. OCC received 83 SBE applications in Second quarter 2013, some were first-time applicants and some were renewals. To date, OCC has 451 certified SBEs (including 17 Banks SBEs) in the data base.

The Office of Contract Compliance has a few different ways in which a business may apply for certification. There is a self-certification application that does not require any additional documentation outside of the three page application. Self-certification is for companies that historically contract for less than \$50,000. Secondly, there is a streamlined certification process for companies that have been certified through the State's EDGE Program or the federal government's 8(a) Program. Since the State of Ohio's EDGE Program and the Small Business Administration 8(a) Program certification processes are predominately similar to the City's, these two certifying agencies certificates have been approved for the City's streamlined certifications. Applicants holding certificates from these two agencies may be allowed to go through a streamlined process for City certification. However the streamlined process is not reciprocal, because the Programs are not identical to the City. There is minimal auditing involved through the streamlined process. Last, there is the Full certification process which requires substantial documentation for review along with the application. There are no contract dollar limits for companies going through the streamlined and the Full certification process.

## **2013 Second Quarter Outreach Highlights**

OCC participated in ETS' department outreach event this quarter. The outreach event was directly tied to a Request for Proposal that ETS was releasing for professional services. OCC was present to speak about the SBE Program in general and to speak about the SBE aspirational goals tied to the RFP. The event was well attended and large vendors were given the opportunity to meet and network with certified SBEs in the IT industry. Also in Second Quarter, OCC held its Webinar training series in June, titled "How to Make Money in a Green Economy"? OCC has partnered with one of its SBEs to conduct these Webinar training sessions.

The OCC's television show, *Government and Small Business*, which airs six days a week on CitiCable provided useful information during the Second quarter. This television programming accomplishes multiple objectives. It is a means to showcase certified SBEs, giving them exposure to City departments and the local community while also channeling vital information to, for and about small businesses. In April, the show featured the SuperJobs Center. Representatives from SuperJobs explained the business services that are available to businesses. Our SBEs learned that grant funding is available for employee hiring and training. In May, the guest was Ellipse Consulting Services. Ellipse Consulting Services is a certified SBE. The show allowed the President to market the engineering services available by Ellipse Consulting Services. In June, the featured certified-SBE was Oomph!LLC. Oomph!LLC showcased its workforce productivity services to organization. Both companies communicated how they could positively affect the bottom line of organizations.

## **2013 Second Quarter SBE Spend Report**

The 2013 Second quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend. The SBE spend report provides information broken down by geographical boundaries and categories representing the spending activity by the City with certified SBEs. The City's SBE annual categorical goals are 30% construction, 15% professional services and 15% supplies/services. The data is generated from the Cincinnati Financial System (CFS) using object codes and the online tracking system of SubContrak. The SubContrak system is an automated technically coded tracking system that captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect

spend happens when payment is made to a certified SBE through a subcontracting scenario. The Second quarter SBE vendor spend for construction is 33.7%, it is 14.3% for professional services and 10.2% for supplies/services. The quarterly SBE Reports allow the City Administration to make an assessment of where they are in meeting the annual categorical goals and strategize or plan for the months to follow.

## **2013 Second Quarter SBE Spend Report by Race and Gender**

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application. Race and gender information provided by businesses is not confirmed because the Council adopted SBE Program is race and gender neutral.

## **Conclusion**

The quarterly reports are a snapshot of how the City is doing in reaching the annual categorical goals. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the annual categorical goals of 30% construction, 15% professional services and 15% supplies/services. The year-to-date analysis of Attachment III shows that we are above the goal in construction. We are on target in the professional services category and we are below target in the supplies/services category.

C: David Holmes, Assistant City Manager *DH*  
Rochelle Thompson, Contract Compliance Officer *RT*

**City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures\***  
**Between 4/1/2013 and 6/30/2013**

<b>SBE Spend in Hamilton County</b>				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$8,889,036	\$17,459,664	\$26,348,700	33.7%
Prof Services	\$853,448	\$5,101,734	\$5,955,182	14.3%
Supplies/Services	\$923,618	\$8,135,538	\$9,059,156	10.2%
<b>GRAND TOTAL</b>	<b>\$10,666,103</b>	<b>\$30,696,936</b>	<b>\$41,363,039</b>	<b>25.8%</b>

<b>SBE Spend in Cincinnati</b>				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$4,543,924	\$7,340,280	\$11,884,204	38.2%
Prof Services	\$396,015	\$3,450,615	\$3,846,630	10.3%
Supplies/Services	\$675,452	\$3,725,483	\$4,400,934	15.3%
<b>GRAND TOTAL</b>	<b>\$5,615,391</b>	<b>\$14,516,378</b>	<b>\$20,131,769</b>	<b>27.9%</b>

<b>SBE Spend regardless of Location</b>				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$8,889,036	\$24,200,142	\$33,089,178	26.9%
Prof Services	\$853,448	\$7,000,808	\$7,854,256	10.9%
Supplies/Services	\$923,618	\$17,909,006	\$18,832,624	4.9%
<b>GRAND TOTAL</b>	<b>\$10,666,103</b>	<b>\$49,109,956</b>	<b>\$59,776,059</b>	<b>17.8%</b>

**Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.**

**Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report**

**\* MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

**Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures\***  
**Between 4/1/2013 and 6/30/2013**

SBE Minority/Female Spend in Hamilton County																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$1,302,657	14.7%	\$382,308	4.3%	\$0	0.0%	\$0	0.0%	\$1,684,965	19.0%	\$2,105,888	23.7%	\$5,081,241	57.2%	\$16,943	0.2%	\$8,889,036
Prof Services	\$144,909	17.0%	\$57,389	6.7%	\$0	0.0%	\$0	0.0%	\$202,298	23.7%	\$298,995	35.0%	\$344,676	40.4%	\$7,479	0.9%	\$853,448
Supplies/Services	\$192,486	20.8%	\$290	0.0%	\$0	0.0%	\$0	0.0%	\$192,776	20.9%	\$432,207	46.8%	\$297,406	32.2%	\$1,230	0.1%	\$923,618
GRAND TOTAL	\$1,640,052	15.4%	\$439,987	4.1%	\$0	0.0%	\$0	0.0%	\$2,080,039	19.5%	\$2,837,090	26.6%	\$5,723,322	53.7%	\$25,651	0.2%	\$10,666,103

SBE Minority/Female Spend in Cincinnati																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$642,956	14.1%	\$13,571	0.3%	\$0	0.0%	\$0	0.0%	\$656,527	14.4%	\$530,014	11.7%	\$3,340,440	73.5%	\$16,943	0.4%	\$4,543,924
Prof Services	\$60,242	15.2%	\$2,240	0.6%	\$0	0.0%	\$0	0.0%	\$62,482	15.8%	\$149,448	37.7%	\$176,606	44.6%	\$7,479	1.9%	\$396,015
Supplies/Services	\$133,030	19.7%	\$290	0.0%	\$0	0.0%	\$0	0.0%	\$133,320	19.7%	\$324,989	48.1%	\$215,912	32.0%	\$1,230	0.2%	\$675,452
GRAND TOTAL	\$836,228	14.9%	\$16,101	0.3%	\$0	0.0%	\$0	0.0%	\$852,329	15.2%	\$1,004,452	17.9%	\$3,732,959	66.5%	\$25,651	0.5%	\$5,615,391

SBE Minority/Female Spend regardless of Location																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$1,302,657	14.7%	\$382,308	4.3%	\$0	0.0%	\$0	0.0%	\$1,684,965	19.0%	\$2,105,888	23.7%	\$5,081,241	57.2%	\$16,943	0.2%	\$8,889,036
Prof Services	\$144,909	17.0%	\$57,389	6.7%	\$0	0.0%	\$0	0.0%	\$202,298	23.7%	\$298,995	35.0%	\$344,676	40.4%	\$7,479	0.9%	\$853,448
Supplies/Services	\$192,486	20.8%	\$290	0.0%	\$0	0.0%	\$0	0.0%	\$192,776	20.9%	\$432,207	46.8%	\$297,406	32.2%	\$1,230	0.1%	\$923,618
GRAND TOTAL	\$1,640,052	15.4%	\$439,987	4.1%	\$0	0.0%	\$0	0.0%	\$2,080,039	19.5%	\$2,837,090	26.6%	\$5,723,322	53.7%	\$25,651	0.2%	\$10,666,103

This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

Companies race/gender status is subject to changes based upon a change in ownership or change in reported information by company.

\* MSD has its own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance

Information on race/gender is not verified or confirmed. The City's SBE Program is race/gender neutral.

**City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures\***  
**Between 1/1/2013 and 6/30/2013**

<b>SBE Spend in Hamilton County</b>				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$19,064,616	\$38,232,674	\$57,297,291	33.3%
Prof Services	\$2,014,449	\$11,492,595	\$13,507,045	14.9%
Supplies/Services	\$1,850,625	\$17,410,544	\$19,261,169	9.6%
<b>GRAND TOTAL</b>	<b>\$22,929,691</b>	<b>\$67,135,813</b>	<b>\$90,065,504</b>	<b>25.5%</b>

<b>SBE Spend in Cincinnati</b>				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$10,297,068	\$18,313,793	\$28,610,862	36.0%
Prof Services	\$1,026,866	\$7,971,202	\$8,998,068	11.4%
Supplies/Services	\$1,348,088	\$8,118,729	\$9,466,816	14.2%
<b>GRAND TOTAL</b>	<b>\$12,672,022</b>	<b>\$34,403,724</b>	<b>\$47,075,746</b>	<b>26.9%</b>

<b>SBE Spend in Hamilton County (Excludes MSD)</b>				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$19,064,616	\$54,319,233	\$73,383,849	26.0%
Prof Services	\$2,014,449	\$16,522,281	\$18,536,731	10.9%
Supplies/Services	\$1,850,625	\$34,115,044	\$35,965,669	5.1%
<b>GRAND TOTAL</b>	<b>\$22,929,691</b>	<b>\$104,956,558</b>	<b>\$127,886,249</b>	<b>17.9%</b>

**Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.**

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